

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2233 - SB 2524

March 2, 2018

SUMMARY OF BILL: Authorizes a utility district to contract with a public corporation created under the authority of a contiguous state for the purchase of natural gas.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – To the extent a utility district which currently purchases natural gas from an energy acquisition corporation in Tennessee opts to purchase natural gas from a public corporation in a contiguous state, it will result in an unknown permissive decrease in local government expenditures for the contracting utility district and an unknown mandatory decrease in local government revenue for the energy acquisition corporation.

Assumptions:

- Pursuant to Tenn. Code Ann. § 7-39-316, any utility district has the power to purchase, by contract, natural or electric power, or both, from an energy acquisition corporation.
- An energy acquisition corporation is defined, pursuant to Tenn. Code Ann. § 7-39-102(3), as a public instrumentality of its associated municipality.
- A utility district will only purchase natural gas from a public corporation of a contiguous state if rates for such natural gas are lower than those which can be purchased from an energy acquisition corporation in Tennessee.
- The impact of this legislation is contingent upon if the utility district currently contracts with an energy acquisition corporation within Tennessee for the purchase of natural gas.
- To the extent a utility district does not currently purchase natural gas from an energy acquisition corporation in Tennessee and opts to purchase natural gas from a public corporation in a contiguous state, the fiscal impact to local government is considered not significant.
- However, to the extent a utility district purchases natural gas from an energy acquisition corporation in Tennessee under current law, and that utility district opts to purchase natural gas from an energy corporation located in a contiguous state as a result of passage of this legislation, there will be revenue and expenditure impacts to local government.
- Due to multiple unknown variables such as, the number of utility districts who will purchase natural gas from a public corporation in a contiguous state, if such utility district previously purchased natural gas from an energy acquisition corporation in

Tennessee, the rate charged for any such purchase of natural gas, the extent of any permissive decrease in expenditures for the contracting utility district, and the extent of any mandatory decrease in revenue for the energy acquisition corporation, a precise impact in local government revenue and expenditures cannot reasonably be determined.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- The proposed language is applicable to public instrumentalities of municipalities within Tennessee and public corporations in contiguous states; therefore, no significant impact to jobs or commerce in Tennessee will occur.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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